

**S.E.C. RULE 15c2-12
ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 1997**

The State of California (the "State") hereby provides its annual report for the fiscal year ended June 30, 1997 in connection with the following:

Bond Issues

State of California General Obligation Bonds (the "Bonds") as listed on the attached Exhibit 1. Also listed on Exhibit 1 are the dates of the Continuing Disclosure Certificates (the "Disclosure Certificates") executed by the State in connection with each issue of the Bonds and the dated dates for each issue.

Note: The base CUSIP numbers provided in Exhibit 1 are for the convenience of Bondholders. The State is not responsible for the accuracy or completeness of such numbers.

Annual Report

The State's "annual report" (as defined in the Continuing Disclosure Certificates for the Bonds) for the fiscal year ended June 30, 1997 consists of:

Financial information contained in Appendix A of the Preliminary Official Statement, dated March 13, 1998, with respect to \$115,015,000 of State Public Works Board of the State of California Lease Revenue Bonds (Department of Corrections Emergency Bed Program) 1998 Series A (the "March 13, 1998 Preliminary Official Statement"), which information is incorporated herein by reference. A copy of the March 13, 1998 Preliminary Official Statement has previously been filed with each of the Nationally Recognized Municipal Securities Information Repositories and is available from any of them.

Other Matters

This annual report is provided solely for purposes of the Disclosure Certificates. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the State or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the State's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the State.

The information provided herein may relate to bonds or other obligations of the State in addition to the ones listed above.

Dated: March 26, 1998

State of California

By L. Steven Spears
 Deputy State Treasurer

Exhibit 1

Name of Issue	Dated Date	Date of Continuing Disclosure Certificate
\$1,166,970,000 Veterans General Obligation Bonds	12/1/97	12/29/97
\$1,000,000,000 Various Purpose General Obligation Bonds	10/1/97	10/23/97
\$525,000,000 Various Purpose General Obligation Bonds	3/1/97	4/3/97
\$500,000,000 Various Purpose General Obligation Bonds	11/1/96	11/7/96
\$159,715,000 Various Purpose General Obligation Refunding Bonds	3/1/96	3/19/96
\$380,000,000 Various Purpose General Obligation Bonds	10/1/95	11/7/95
\$81,095,000 Various Purpose General Obligation Refunding Bonds	10/1/95	10/26/95

The base CUSIP for all the bonds listed above is 130620-__ __ & 130628-__ __.